ONGC Videsh's Sakhalin Project

3167. SHRI SANJAY NIRUPAM:
SHRI PRAFUL PATEL:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether ONGC Videsh had committed an investment of 8,100 Crores Rupees in the Russian Oilfield called Sakhalin; if so, the details thereof and the reasons therefor;

(b) whether the premium earlier quoted by ONGC Videsh was 45 million dollars; whether the premium was increased to 225 million dollars; if so, the reasons therefor; and

(c) whether it is a fact that the investment proposal from Russian side was earlier rejected by the two US oil companies called EXXON and TEXACO?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI SANTOSH GANGWAR): (a) ONGC-Videsh Ltd. (OVL) signed an agreement with Rosneft, the national oil company of Russia on 10.2.2001 to acquire 20% participating interest from the Russian company in the Sakhalin-I offshore project. The total investment of OVL on the project is estimated to be of the order of US $ 1.7 billion i.e. Rs. 8,000 crore.

Considering the widening gap between demand and supply of oil and gas, acquisition of equity oil from abroad is an important plank of the strategy to achieve oil security. This is in addition to the efforts to increase exploration and production in the country.

(b) The original indicative bid of OVL to Rosneft was based on a combination of two factors, *viz.* (i) more conservative view of the project due to limited technical and economic information available to OVL at that time and (ii) the old development profile based on geological data of 1999.

Subsequently, the Operator made available the latest development

plans for Sakhalin-I as also the various technical, legal and economic information. The results of the new exploration well in 2000 also substantially improved economics of the project. Apart from this, there was also an unsolicited offer by an oil major which necessitated protracted negotiations on the premium to be paid. Overall, the improved profitability of the project was brought into the negotiations and the premium was revised upwards.

(c) In fact, Exxon, an American company, has 30% participating interest and is the Operator in Sakhalin-I project. The reasons for the decision taken by Texaco, another American Company, in 1999 in regard to non-participation in Sakhalin-I Project are not known. Since then the entire economic value of the project has got upgraded.

Private Sector Gas Pipeline Project

3168. SHRI ABANI ROY: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the National Oil Companies have expressed strong opposition to the new inter-State gas pipeline proposal floated by one private sector company as reported in the Hindustan Times dated the 27th July, 2001;

(b) if so, whether the involvement of private sector in this particular field is going to have an adverse impact on massive investments made by PSUs for setting up refineries and gas import facilities; and

(c) if so, what is Government's reaction in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI SANTOSH GANGWAR): (a) Yes, Sir.

(b) No, Sir. Import of liquefied natural gas (LNG) is on Open General Licence (OGL) and there are various initiatives including private which propose to import LNG to India for marketing.

(c) Does not arise in view of (b) above.